

CLARKE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

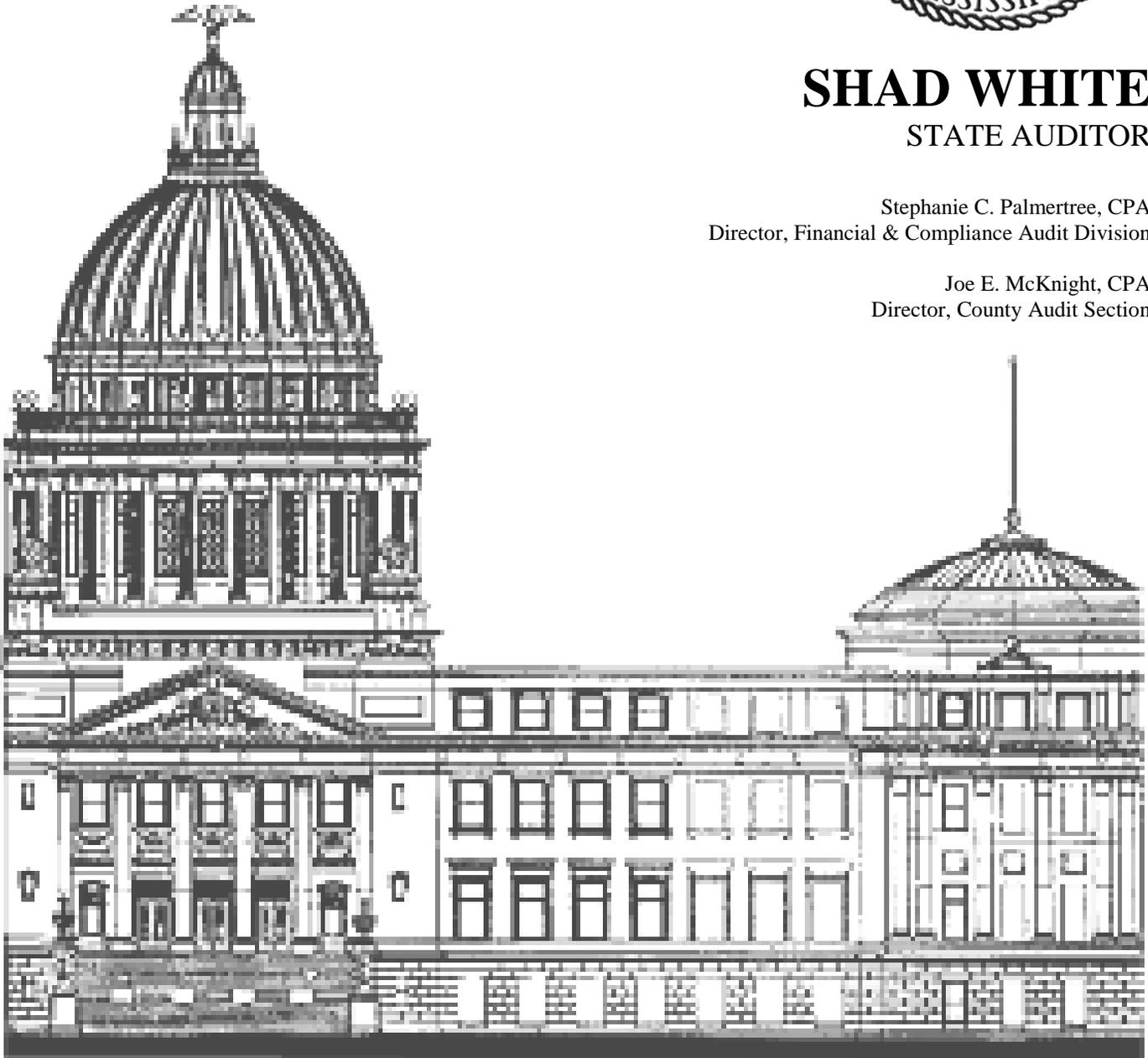


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

September 19, 2019

Members of the Board of Supervisors
Clarke County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2017 financial and compliance audit report for Clarke County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Clarke County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Clarke County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

CLARKE COUNTY
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CLARKE COUNTY

FINANCIAL SECTION

CLARKE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Clarke County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clarke County, Mississippi, (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County’s legally separate component units. Accounting principles applicable to the County’s cash basis of accounting require the financial data for those component units to be reported with the financial data of the County’s primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Clarke County, Mississippi, as of September 30, 2017, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County’s cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the Governmental Activities, the General Fund, the General Road Fund, and the aggregate remaining fund information of Clarke County, Mississippi, as of September 30, 2017, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Clarke County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarke County, Mississippi’s basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Budgetary Comparison Schedules, Schedule of Interfund Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2019 on our consideration of Clarke County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clarke County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clarke County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 19, 2019

CLARKE COUNTY

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CLARKE COUNTY

FINANCIAL STATEMENTS

CLARKE COUNTY

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CLARKE COUNTY
Statement of Net Position - Cash Basis
September 30, 2017

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ <u>4,180,295</u>
Total Assets	<u>4,180,295</u>
NET POSITION	
Restricted:	
Expendable:	
General government	169,711
Public safety	590,489
Public works	1,038,376
Conservation of natural resources	64,821
Economic development and assistance	2,962
Debt service	72,566
Unemployment compensation	30,765
Unrestricted	<u>2,210,605</u>
Total Net Position	<u>\$ 4,180,295</u>

The notes to the financial statements are an integral part of this statement.

CLARKE COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,888,183	346,624	13,105		(2,528,454)
Public safety	3,352,037	340,328	735,677	68,662	(2,207,370)
Public works	3,825,799	338,465	150,276	234,867	(3,102,191)
Health and welfare	107,845		23,280		(84,565)
Culture and recreation	63,982		1,358		(62,624)
Conservation of natural resources	209,676				(209,676)
Economic development and assistance	106,011				(106,011)
Debt service:					
Principal	330,193				(330,193)
Interest	45,879				(45,879)
Total Governmental Activities	\$ 10,929,605	1,025,417	923,696	303,529	(8,676,963)
General receipts:					
Property taxes				\$ 8,254,509	
Road & bridge privilege taxes				221,096	
Grants and contributions not restricted to specific programs				597,991	
Unrestricted interest income				35,250	
Miscellaneous				129,441	
Proceeds from debt issuance				502,825	
Sale of county property				288,064	
Compensation for loss of county property				129,005	
Total General Receipts and Other Cash Sources				10,158,181	
Changes in Net Position					1,481,218
Net Position - Beginning					2,699,077
Net Position - Ending				\$	4,180,295

The notes to the financial statements are an integral part of this statement.

CLARKE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2017

Exhibit 3

	<u>Major Funds</u>		Other Governmental Funds	Total Governmental Funds
	General Fund	General Road Fund		
ASSETS				
Cash	\$ 2,210,605	677,933	1,291,757	4,180,295
Total Assets	<u>\$ 2,210,605</u>	<u>677,933</u>	<u>1,291,757</u>	<u>4,180,295</u>
FUND BALANCES				
Restricted for:				
General government	\$		169,711	169,711
Public safety			590,489	590,489
Public works		677,933	360,443	1,038,376
Conservation of natural resources			64,821	64,821
Economic development and assistance			2,962	2,962
Debt service			72,566	72,566
Unemployment compensation			30,765	30,765
Unassigned	2,210,605			2,210,605
Total Fund Balances	<u>\$ 2,210,605</u>	<u>677,933</u>	<u>1,291,757</u>	<u>4,180,295</u>

The notes to the financial statements are an integral part of this statement.

CLARKE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2017

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	General Road Fund		
RECEIPTS				
Property taxes	\$ 6,209,798	554,335	1,490,376	8,254,509
Road and bridge privilege taxes		221,096		221,096
Licenses, commissions and other receipts	137,887	5,453	4,975	148,315
Fines and forfeitures	231,795		55,001	286,796
Intergovernmental receipts	612,170	773,881	439,165	1,825,216
Charges for services	82,481		507,825	590,306
Interest income	25,596	3,225	6,429	35,250
Miscellaneous receipts	66,320	14,933	48,188	129,441
Total Receipts	<u>7,366,047</u>	<u>1,572,923</u>	<u>2,551,959</u>	<u>11,490,929</u>
DISBURSEMENTS				
General government	2,655,029		233,154	2,888,183
Public safety	2,664,372		687,665	3,352,037
Public works	142,102	2,157,404	1,526,293	3,825,799
Health and welfare	107,845			107,845
Culture and recreation	26,089		37,893	63,982
Conservation of natural resources	52,147		157,529	209,676
Economic development and assistance	12,958		93,053	106,011
Debt service:				
Principal	43,701	39,134	247,358	330,193
Interest	2,004	2,361	41,514	45,879
Total Disbursements	<u>5,706,247</u>	<u>2,198,899</u>	<u>3,024,459</u>	<u>10,929,605</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>1,659,800</u>	<u>(625,976)</u>	<u>(472,500)</u>	<u>561,324</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance		241,083	261,742	502,825
Sale of county property	8,164	266,074	13,826	288,064
Compensation for loss of county property		125,795	3,210	129,005
Transfers in		200,000	262,834	462,834
Transfers out	(462,834)			(462,834)
Total Other Cash Sources and Uses	<u>(454,670)</u>	<u>832,952</u>	<u>541,612</u>	<u>919,894</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>1,205,130</u>	<u>206,976</u>	<u>69,112</u>	<u>1,481,218</u>
Cash Basis Fund Balances - Beginning	<u>1,005,475</u>	<u>470,957</u>	<u>1,222,645</u>	<u>2,699,077</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,210,605</u>	<u>677,933</u>	<u>1,291,757</u>	<u>4,180,295</u>

The notes to the financial statements are an integral part of this statement.

CLARKE COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2017

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>320,168</u>
Total Assets	\$ <u><u>320,168</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>320,168</u>
Total Liabilities	\$ <u><u>320,168</u></u>

The notes to the financial statements are an integral part of this statement.

CLARKE COUNTY

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CLARKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Clarke County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Clarke County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Clarke County Airport Board
- Clarke County Economic Development District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which

CLARKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

General Road Fund - This fund is used to account for monies from specific sources that are restricted for road maintenance.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county,

CLARKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Net Position Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with

CLARKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$4,500,463, and the bank balance was \$4,714,580. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2017:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Road Fund	General Fund	\$ 200,000
Other Governmental Funds	General Fund	<u>262,834</u>
Total		<u>\$ 462,834</u>

The principal purpose of interfund transfers was to provide funds for operating disbursements. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017,

CLARKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(6) Joint Ventures.

The County participates in the following joint ventures:

Clarke County is a participant with Jasper County in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the East Mississippi Regional Library System. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five-member board. The two counties rotate board appointments so that each County has a majority of board members in alternate years. Each County is obligated by contract to levy not less than one-half mill tax as provided by Section 39-3-35, Miss. Code Ann. (1972), for the ongoing financial support of the joint venture. For fiscal year 2017, Clarke County contributed \$104,500. Complete financial statements for the East Mississippi Regional Library System can be obtained from the East Mississippi Regional Library, Quitman, Mississippi.

Criminal Investigation Division is a joint venture that operates in a district composed of Clarke County, MS and the City of Quitman, MS. It was created to further the pursuit of criminal activity within the district. The board of trustees for this division is composed of the participating governments' sheriff and police chief. The City of Quitman is over the bank account and funds associated with this division. The County contributed \$10,123 for the support of the division in fiscal year 2017.

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The County provided no financial support for the district in fiscal year 2017.

Central Mississippi Emergency Medical Services District is composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo counties. The Clarke County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support of the district in fiscal year 2017.

East Central Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the 15 members of the board of directors. The County contributed \$12,958 for support of the district in fiscal year 2017.

Jones County Junior College operates in a district composed of the counties of Clarke, Covington, Greene, Jasper, Jones, Perry Smith and Wayne. The Clarke County Board of Supervisors appoints two of the 25 members of the college board of trustees. The County contributed \$357,662 for maintenance and support of the college in fiscal year 2017.

CLARKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Clarke County Board of Supervisors appoints one of the 24 members of the board of directors. Most of the funding for the entity is derived from federal sources. The County contributed \$5,000 for support of the district in fiscal year 2017.

Region Ten, Weems Community Mental Health operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$26,012 for support of the commission in fiscal year 2017.

Regional Railroad Authority of East Mississippi was created in September 2009 by Clarke, George, Greene and Wayne counties; Lauderdale County's membership was effective a month later. The Authority was created to preserve, develop, and maintain rail service in the member counties. Each member county appoints five commissioners to the Board of Commissioners of the Authority, while any municipality in each of these counties through which such railroad run appoints one commissioner. The County provided no financial support for the district in fiscal year 2017.

(8) Defined Benefit Pension Plan.

Plan Description. Clarke County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2017, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$597,086, \$586,800 and \$595,338, respectively, equal to the required contributions for each year.

(9) Tax Abatements.

As of September 30, 2017, Clarke County provides tax exempt status to four manufacturing companies and one construction company subject to the requirements of GASB Statement No. 77. These manufacturing companies and this construction company are exempt from real property taxes and personal property taxes except for levies involving the school; the mandatory mill and the community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2017 totaled \$141,742.

CLARKE COUNTY

SUPPLEMENTAL INFORMATION

CLARKE COUNTY

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CLARKE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2017

Operating Disbursements, Cash Basis:

Salaries	\$	566,787
Expendable Commodities:		
Gasoline and petroleum products		53,531
Repair parts		31,409
Contractual garbage disposal fees		119,521
Capital Outlay		15,839
Maintenance		20,761
Insurance on equipment		9,156
Supplies		<u>30,417</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>847,421</u></u>

CLARKE COUNTY

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CLARKE COUNTY

OTHER INFORMATION

CLARKE COUNTY

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CLARKE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 6,195,084	6,209,798	6,209,798	
Licenses, commissions and other receipts	99,000	137,887	137,887	
Fines and forfeitures	304,000	231,795	231,795	
Intergovernmental receipts	642,271	612,170	612,170	
Charges for services	43,000	82,481	82,481	
Interest income	9,000	25,596	25,596	
Miscellaneous receipts	146,145	66,320	66,320	
Total Receipts	<u>7,438,500</u>	<u>7,366,047</u>	<u>7,366,047</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	4,286,935	2,655,029	2,655,029	
Public safety	2,792,182	2,664,372	2,664,372	
Public works	99,744	142,102	142,102	
Health and welfare	134,407	107,845	107,845	
Culture and recreation	100,000	26,089	26,089	
Conservation of natural resources	56,332	52,147	52,147	
Economic development and assistance	13,000	12,958	12,958	
Debt service:				
Principal		43,701	43,701	
Interest		2,004	2,004	
Total Disbursements	<u>7,482,600</u>	<u>5,706,247</u>	<u>5,706,247</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(44,100)</u>	<u>1,659,800</u>	<u>1,659,800</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		8,164	8,164	
Transfers out		(462,834)	(462,834)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(454,670)</u>	<u>(454,670)</u>	<u>0</u>
Net Change in Fund Balance	(44,100)	1,205,130	1,205,130	0
Fund Balances - Beginning	<u>661,817</u>	<u>1,005,475</u>	<u>1,005,475</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 617,717</u>	<u>2,210,605</u>	<u>2,210,605</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

CLARKE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Road Fund
 For the Year Ended September 30, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 564,364	554,335	554,335	
Road and bridge privilege taxes	217,000	221,096	221,096	
Licenses, commissions and other receipts	3,000	5,453	5,453	
Intergovernmental receipts	571,000	773,881	773,881	
Interest income	750	3,225	3,225	
Miscellaneous receipts		14,933	14,933	
Total Receipts	<u>1,356,114</u>	<u>1,572,923</u>	<u>1,572,923</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	2,246,837	2,157,404	2,157,404	
Debt service:				
Principal	67,500	39,134	39,134	
Interest	4,000	2,361	2,361	
Total Disbursements	<u>2,318,337</u>	<u>2,198,899</u>	<u>2,198,899</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(962,223)</u>	<u>(625,976)</u>	<u>(625,976)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from debt	226,000	241,083	241,083	
Sale of county property		266,074	266,074	
Compensation for loss of county property		125,795	125,795	
Transfers in		200,000	200,000	
Total Other Cash Sources and Uses	<u>226,000</u>	<u>832,952</u>	<u>832,952</u>	<u>0</u>
Net Change in Fund Balance	(736,223)	206,976	206,976	0
Fund Balances - Beginning	<u>107,692</u>	<u>470,957</u>	<u>470,957</u>	<u>0</u>
Fund Balances - Ending	<u>\$ (628,531)</u>	<u>677,933</u>	<u>677,933</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

CLARKE COUNTY
 Schedule of Interfund Advances
 For the Year Ended September 30, 2017
 UNAUDITED

The following is a summary of interfund balances at September 30, 2017:

A. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2017
Other Governmental Funds	General Road Fund	\$ <u>7,820</u>

The amount payable to Other Governmental Funds represents an operating loan. All advances are not expected to be repaid within one year from the date of the financial statements.

CLARKE COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2017
UNAUDITED

Governmental activities:

	Balance				Balance
	Oct. 1, 2016	Additions	Deletions	Adjustments *	Sept. 30, 2017
Land	\$ 365,605				365,605
Infrastructure	62,778,537				62,778,537
Buildings	11,394,389	800,000			12,194,389
Improvements other than buildings	1,147,059				1,147,059
Mobile equipment	8,664,043	452,188	949,354	(261,581)	7,905,296
Furniture and equipment	1,051,443	99,025	8,815	261,581	1,403,234
Leased property under capital leases	133,900	502,825			636,725
Total capital assets	\$ 85,534,976	1,854,038	958,169	0	86,430,845

*An adjustment was made to reclassify a miscoded asset from mobile equipment to other furniture and equipment.

CLARKE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2017
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2016	Issued	Principal Payments	Balance Sept. 30, 2017
Governmental Activities:							
A. General Obligation Bonds:							
EMEPA Bonds - JCJC Center	02/18/2014	11/01/2023	0.00%	\$ 1,082,963		151,111	931,852
B. Capital Leases:							
(4) Dodge Durango Sheriff vehicles	07/18/2016	07/18/2019	1.89%	125,996		43,701	82,295
(2) John Deere tractors w/ boom hogs	03/06/2017	03/06/2020	2.10%		241,083	39,134	201,949
(2) 2017 Mack dump trucks	01/03/2017	01/03/2020	1.99%		261,742	13,484	248,258
C. Other Loans:							
*USA Fabrics expansion loan	03/06/2004	08/01/2014	3.00%	203,628			203,628
*Citadel Building Products expansion loan	07/25/2006	07/01/2013	3.00%	151,974			151,974
JCJC Building	07/22/2013	07/22/2033	2.00%	1,943,750		82,763	1,860,987
Total				\$ 3,508,311	502,825	330,193	3,680,943

*USA Fabrics and Citadel Building Products are no longer in business and the County is no longer making principal and interest payments on their behalves. In 2015, the County wrote this debt off. During 2016, Mississippi Development Authority informed the County that the County would be held liable for this debt.

The accompanying notes to the Other Information are an integral part of this statement.

CLARKE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

Name	Position	Company	Bond
Darrick Marshall	Supervisor District 1	Western Surety Company	\$100,000
Lorenzo Carter	Supervisor District 2	Western Surety Company	\$100,000
Troy Smith	Supervisor District 3	Western Surety Company	\$100,000
Paul Mosley	Supervisor District 4	Western Surety Company	\$100,000
Mickey Long	Supervisor District 5	Western Surety Company	\$100,000
Stephen Myrick	County Administrator	Western Surety Company	\$100,000
Angie Chisolm	Chancery Clerk	Western Surety Company	\$100,000
Suzanne Dennis	Purchase Clerk	Western Surety Company	\$75,000
Mary Mosley	Purchase Clerk	Western Surety Company	\$75,000
Elizabeth Fleming	Assistant Purchase Clerk	Western Surety Company	\$50,000
Stephen Myrick	Assistant Purchase Clerk	Western Surety Company	\$50,000
Larry Lucas	Receiving Clerk	Western Surety Company	\$75,000
Mary Nicole Haddox	Assistant Receiving Clerk	Western Surety Company	\$50,000
Patricia Howze	Assistant Receiving Clerk	Western Surety Company	\$50,000
Susan Bonner	Inventory Control Clerk	Western Surety Company	\$75,000
Terry Starks	Road Manager	Western Surety Company	\$50,000
Ryan Evans	Constable	Western Surety Company	\$50,000
Beverly Trotter	Constable	Western Surety Company	\$50,000
Beth Doggett Jordan	Circuit Clerk	Western Surety Company	\$100,000
Sally Wedgeworth	Deputy Circuit Clerk	Western Surety Company	\$50,000
Wanda J. Hearn	Deputy Circuit Clerk	Western Surety Company	\$50,000
Todd Kemp	Sheriff	Western Surety Company	\$100,000
Toby Lee Bartee	Justice Court Judge	Western Surety Company	\$50,000
Terry L. Bonner	Justice Court Judge	Western Surety Company	\$50,000
Casey Lynn Bozeman	Justice Court Clerk	Western Surety Company	\$50,000
Terina Pyffer	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Sheila Smith	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Hope Herrington	Tax Assessor-Collector	Western Surety Company	\$100,000
Audrey LeAnn Hollis	Deputy Tax Assessor	Western Surety Company	\$10,000
Angela Burke	Deputy Tax Assessor	Western Surety Company	\$10,000
Lula Cooper	Deputy Tax Collector	Western Surety Company	\$50,000
Rick Lewis	Deputy Tax Collector	Western Surety Company	\$50,000
Cristal Lewis	Deputy Tax Collector	Western Surety Company	\$50,000
Penny Gunn	Deputy Tax Collector	Western Surety Company	\$50,000

CLARKE COUNTY

Notes to the Other Information
For the Year Ended September 30, 2017
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2017, the amount of outstanding debt was equal to 0.6% of the latest property assessments.

(3) Subsequent Events.

Subsequent to September 30, 2017, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/02/2017	2.22%	\$ 132,386	Capital lease	Ad valorem taxes
01/02/2018	2.22%	397,158	Capital lease	Ad valorem taxes

CLARKE COUNTY

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CLARKE COUNTY

SPECIAL REPORTS

CLARKE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors
Clarke County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clarke County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 19, 2019. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarke County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clarke County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarke County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2017-001.

We also noted certain matters which we have reported to the management of Clarke County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated September 19, 2019, included within this document.

Clarke County's Response to Finding

Clarke County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Clarke County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 19, 2019



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL
SYSTEM AND PURCHASE CLERK SCHEDULES
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors
Clarke County, Mississippi

We have examined Clarke County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. The Board of Supervisors of Clarke County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Clarke County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below.

Purchase Clerk.

1. The Purchase Clerk should strengthen controls to ensure compliance with state law with having required documentation.

Repeat Finding No

Criteria Section 31-7-103, Miss. Code Ann. (1972), requires a requisition, purchase order and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972), and except for purchases of not more than \$100.

Condition	During our test work, we noted some instances in which purchasing documentation was not available with claim. Purchasing documentation includes: purchase requisitions, purchase orders, receiving reports, invoices, and quotes (if applicable).
Cause	The County has a weakness in control environment.
Effect	Failure to complete and retain these documents could result in the loss or misappropriation of public funds.
Recommendation	The Purchase Clerk should ensure that the purchasing documents are present and completed with sufficient detail and specific amounts, as required, prior to ordering the respective commodity.
Views of Responsible Official(s)	This was prior to my employment as Purchase clerk. I will try to ensure that all documentation is included for each Purchase, and according to state law.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Clarke County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Clarke County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Clarke County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
 Director, County Audit Section

September 19, 2019

CLARKE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2017

Our tests did not identify any purchases from other than the lowest bidder.

CLARKE COUNTY
 Schedule of Emergency Purchases
 For the Year Ended September 30, 2017

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
3/6/2017	Transmission repair	\$ 9,831	Chapman Tractor Co.	Because of the time of year, there is road maintenance and bushhogging requiring all tractors to be in working condition.

CLARKE COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

Schedule 3

Our tests did not identify any purchases made noncompetitively from a sole source.

CLARKE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Clarke County, Mississippi

In planning and performing our audit of the financial statements of Clarke County, Mississippi (the County) for the year ended September 30, 2017, we considered Clarke County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Clarke County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 19, 2019, on the financial statements of Clarke County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings recommendations, and your responses are disclosed below:

Chancery Clerk.

1. All bond certificates for County officials and employees should be filed and recorded in the Chancery Clerk's office.

Repeat Finding No

Criteria Section 25-1-19, Miss Code Ann. (1972), requires all bonds to be filed and recorded in the Chancery Clerk's office.

Condition The Chancery Clerk's bond records do not include bond certificates for all county officials and employees.

Cause This is due to weakness in the County's control environment.

Effect Failure to file bond documentation within the Chancery Clerk's office could result in officials not being bonded properly.

Recommendation	All bonds for officials and employees should be obtained for filing and recording in the Chancery Clerk's office.
Views of Responsible Official(s)	This issue has been corrected.
Tax Assessor/Collector.	
2.	<u>Tax Collector should reconcile cash journal monthly.</u>
Repeat Finding	No
Criteria	An effective system of internal control over the collection, recording and disbursement of cash in the Tax Collector's office should include proper maintenance of a cash journal and reconciling the bank account to the cash journal monthly.
Condition	Based on test work performed, we noted that the Tax Collector was not properly reconciling the bank account with the cash journal.
Cause	This was caused by an oversight in the Tax Collector's office.
Effect	Failure to reconcile the bank account properly could result in the inability to make timely settlements due to a risk of insufficient funds in the bank account and the loss or misuse of public funds.
Recommendation	The Tax Collector should maintain a cash journal properly, ensuring that it reconciles to the bank account monthly.
Views of Responsible Official(s)	The bank account is reconciled monthly. The disbursements are made by entering and printing checks. The auditor requests that a trial balance be printed before and after checks are printed to show amounts that are to be disbursed. After the checks are printed the amounts on the trial balance are zero if the account balances to the penny.
Auditor's Note	Reconciling monthly to be sure the disbursements are matching is not a proper reconciliation of the Tax Collector's monies. The bank statements must be reconciled to a proper cash journal and maintained each month in order to be sure that all funds are accounted for.
Solid Waste Clerk.	
3.	<u>A separate bank account should be maintained for garbage fee collections.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include the separate accounting of garbage fee collections. A separate bank account should be used to account for all garbage fee collections and a separate reconciliation should be prepared for the garbage account.
Condition	As reported in the prior five years' audit reports, we noted that solid waste user fees were being combined into the Tax Collector bank account with all the tax collections.
Cause	This is due to an oversight by management.
Effect	Failure to separate the account of the garbage user fees could result in the loss or misappropriation of public funds.
Recommendation	The Solid Waste Clerk should establish and maintain a separate bank account and reconciliation monthly for the garbage user fees.

Views of Responsible Official(s)	At the insistence of the audit department and the board of supervisors, a separate bank account was opened in 2018. I maintain my view that this is an unnecessary expense for taxpayers; however, I am now in compliance.
Auditor's Note	This is a necessary control to ensure that all monies are accounted for and to also decrease the possibility of the misappropriation or loss of public funds.
Circuit Clerk.	
4.	<u>Daily deposits should be made and monthly collections should be settled to proper authorities on a timely basis.</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls over collections of criminal and civil accounts includes daily deposits to the bank and subsequent timely settlements to proper authorities.
Condition	As reported in the prior fourteen years' audit reports, the criminal and civil collections are not being deposited daily and settled to the proper authorities on a timely basis. During our test work, we noted the Circuit Clerk did not make daily deposits and timely settlements to the County.
Cause	This is due to an oversight by management.
Effect	Failure to perform daily deposits and timely settlements of funds increases the possibility of loss or misappropriation of funds.
Recommendation	The Circuit Clerk should make daily deposits of collections and settle all collections to the proper authorities on a timely basis as required by law.
Views of Responsible Official(s)	I plan to begin making daily deposits immediately.
5.	<u>Circuit Court Clerk should file the annual financial report by April 15th each year.</u>
Repeat Finding	Yes
Criteria	Section 9-1-45(1), Miss. Code Ann. (1972), states that each Chancery and Circuit Clerk shall file, not later than April 15 th of each year, with the State Auditor's Office, a true and accurate annual report on a form designed and supplied by the State Auditor's Office immediately after January 1 st of each year.
Condition	As reported in the prior two years' audit reports, the Circuit Clerk did not file the 2016 annual financial report or the 2017 annual financial report timely with the State Auditor's Office.
Cause	This is due to an oversight by management.
Effect	Failure to file the annual financial report could result in the loss or misappropriation of public funds.
Recommendation	The Circuit Clerk should ensure that the annual financial report is filed no later than April 15 th each year with the State Auditor's Office, as required by law.
Views of Responsible Official(s)	Both of the above mentioned reports have now been completed and filed with OSA. In addition, the appropriate funds have been paid to PERS.

6. The Circuit Clerk should reconcile bank statements monthly to the fee journal.

Repeat Finding No

Criteria An effective system of internal control should include maintaining a fee journal and reconciling bank statements to the fee journal.

Condition The bank statements did not reconcile to the fee journal due to the prior year fee journal's ending balance not being carried forward. This is a repeat finding due to the FY16 fee journal and FY17 fee journal being audited during CY17 audit.

Cause Weakness in control environment.

Effect Failure to reconcile the bank statements to the fee journal could result in the loss of public funds.

Recommendation The Circuit Court Clerk should ensure that ending balances are carried forward each month to ensure proper reconciliation.

Views of Responsible Official(s) My bookkeeper, an employee of Culpepper CPA, has met with the State Auditor, and has made the required corrections to the fee journal.

Sheriff.

7. The Sheriff should strengthen controls by reconciling accounts and making settlements timely.

Repeat Finding No

Criteria An effective system of internal controls over cash should include procedures to ensure the bank account is reconciled timely and settlements of canteen profits to the county Board of Supervisors are made monthly.

Condition Results of tests performed on the inmate canteen account indicated that the Sheriff was not making settlements in a timely matter nor reconciling the canteen account.

Cause Weakness in control environment.

Effect Failure to reconcile bank accounts and settle profits timely could result in the loss or misappropriation of public funds.

Recommendation The Sheriff should implement internal controls to ensure that the bank account is reconciled timely and settlements are made monthly.

Views of Responsible Official(s) Problem was found to be due to poor training. Reconciliations will be done in a timely manner. There was no misappropriation of funds found.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 19, 2019

CLARKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

CLARKE COUNTY

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CLARKE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| General Road Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | Yes |

Section 2: Financial Statement Findings

Purchase Clerk.

Material Weakness
Material Noncompliance

2017-001.	<u>The Purchase Clerk should strengthen controls to ensure compliance with state law with having required documentation.</u>
Repeat Finding	No
Criteria	Section 31-7-103, Miss. Code Ann. (1972), requires a requisition, purchase order and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972), and except for purchases of not more than \$100.
Condition	During our test work, we noted some instances in which purchasing documentation was not available with claim. Purchasing documentation includes: purchase requisitions, purchase orders, receiving reports, invoices, and quotes (if applicable).
Cause	The County has a weakness in control environment.
Effect	Failure to complete and retain these documents could result in the loss or misappropriation of public funds.
Recommendation	The Purchase Clerk should ensure that the purchasing documents are present and completed with sufficient detail and specific amounts, as required, prior to ordering the respective commodity.
Views of Responsible Official(s)	This was prior to my employment as Purchase clerk. I will try to ensure that all documentation is included for each Purchase, and according to state law.